



# AN ANALYSIS OF WOMEN SELF HELP GROUPS LINKAGES WITH BANK

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## ABSTRACT

In developed countries, banking system plays prominent role in the formal financial system and serves most of the population but in developing countries, mainly the low-income group, which is a large segment of the society, excludes from banking services, as a result, poor people have to depend either on their own sources or informal sources of finance at high cost. In India, the SHGs constitute a widely accepted development strategy for poverty reduction as they are perceived as powerful vehicle for the promotion of micro-credit and micro-finance especially for women. The SHG model was introduced as a core strategy for empowerment of women in the Ninth Plan (1997-2002) in India (Planning Commission), 2002. It is the largest and fastest-growing micro-finance programme in the developing world. Hence, the present study is undertaken to analyses the SHGs activities with Tuticorin Melur Co-operative Bank Ltd. in Thoothukudi from 2011-12 to 2015-16. This study analyses the phases of deposits bank deposits, pattern of providing loans to SHGs, loan recovery activities, savings of SHG. Trend lines are used for both the bank deposits and the loan distribution to SHGs. Both trend lines are increasing is the positive result for this present study. The questionnaire is made up of both closed and open-ended questions is to get the fullest true picture on which there is no predetermined idea. The details of the bank and Self Hel Groups activities were collected from the higher officials of the bank. This study stated that there exists a good relationship with banks and the repayment of loans is also done effectively. SHGs members are satisfied with services by cooperative banks, and overall performance of cooperative banks is good. 95% of the SHGs were repaying their loans amount correctly to the bank. SHG (Self Help Groups) movement has brought a silent revolution in the country.

**KEYWORDS:** Banking performance; total deposits; SHGs activities; loan distribution; recovery of loan; duration of loan; savings.

## INTRODUCTION:

The soundness of the bank system is of great importance for the economic development of the nation. The banking system in India is the outcome of innovations considerably influenced by historical growth and past traditions. Banks are financial entities whose prime concern in the well functioning of the economy represented by price stability and effective transmission of monetary policies through the financial markets. They serve as intermediaries between borrowers and lenders and assist in the smooth flow of the monetary funds

As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Indian banking

Industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. The central bank granted in –principle approval to 11 payments banks and 10 small finance banks in FY 2015-16. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.

**CENTRAL CO-OPERATIVE BANKS:** The Central Co-operative Banks are federations of primary agriculture credit societies in a particular area, generally a district. These banks are situated in district headquarters of a prominent town in the district. Individuals are also admitted as members. When the membership in confident only to primary credit societies, it is called as 'pure central Bank' and when it includes the primary credit societies as well as individuals it is called as 'Mixed Central Co-operative Bank'.

## CO-OPERATIVE SOCIETIES AND SELF-HELP GROUPS:

Even though co-operatives are said to be the representative of common man, most of these societies are always under the control of permanent leadership. Majority of the ordinary members are denied the opportunity of being in the management of a co-operative. The most conceptual and practical way of solving this problem is the promotion of self-help groups.

After financial sector reforms in 1991, there are following linkage models<sup>6</sup> using by banks to finance SHGs.

**Model I** Banks provide finance to NGOs for lending to SHGs.

**Model II** Banks provide finance directly to SHGs for lending to micro entrepreneur.

**Model III** Banks provide finance directly to SHGs for lending to micro entrepreneur with the intervention of NGO as facilitators.

**Model IV** Bank provide finance loans directly to individual members of SHGs upon recommendations of the SHGs and NGO.

**SELF HELP GROUPS (SHGS):** SHGs have been instrumental in empowerment by enabling women to work together in collective agency. A good number of researchers including MFIs claimed that this movement helped in empowering women. Further, SHGs are effective in reducing poverty, creating awareness and ensure sustainability of environment which finally results in sustainable development of the nation.

In India, the SHGs constitute a widely accepted development strategy for poverty reduction as they are perceived as powerful vehicle for the promotion of micro-credit and micro-finance especially for women. The SHG model was introduced as a core strategy for empowerment of women in the Ninth Plan (1997-2002) in India (Planning Commission, 2002). The Ninth plan directed both states and the centre to adopt the 'women's component plan' through which not less than 30% of funds and benefits are earmarked to the women related sectors. This strategy was continued during Tenth Plan (2002-2007) and even in the Eleventh plan (2007-12) with the government commitment to encourage SHGs to act as agents of social change, development and empowerment of women. It is the largest and fastest-growing micro-finance programme in the developing world. Tamil Nadu is the 11th largest state in India and spread over 1, 30,000 sq kms. It has 35 million female in its total population of 72 million in 2011. This was taken not only as a social welfare group but also a centre for economic improvement of women. Hence the concept of "Women Groups for Self Employed" emerged in Tamil Nadu. It was called "Mahalir Sangam" or Mahalir Kuzhu" or Mahalir Mandram. The success of the self help groups as a development tool depends on the availability of bank finance. Further 3 percent of women joined a self help groups in the year 2011.

## MODELS OF BANK LINKAGE:

The growth of SHG linkage across all banks has not only been dramatic in the last four or five years, but has also been remarkably uneven. The better-off states, mainly in the South, have dominated the linkage programme, while the states in the poorer North and East of India, where it is so much more needed in the struggle against poverty, have lagged behind. The same weaknesses that constrain development in general seem to have constrained SHG linkage too. Programme encompasses two broad models of linkage: Model I Bank SHG Members: In this model the bank itself promote and, matures the SHG until they reach certain level check points. Model II Bank Facilitating Agency (SHPI) SHG Here groups are formed and supported by NGOs or government agencies. The dominant model, it accounted for 75% of cumulative loans of banks by March 2010.

## Statement of the problem:

A bank is an institution, which deals with money and credit for a common man. Actually, banks are business organizations selling bank services. Thus banks act as an intermediary in the flow of funds from RBI to SHGs. A Self – help group (SHG) is a voluntary association of people with common goal. Hence, the present study is undertaken to analyses the SHGs activities with Tuticorin Melur Co-operative Bank Ltd. in Thoothukudi from 2011-12 to 2015-16. The details of the bank and Self Hel Groups activities were collected from the higher officials of the bank.

**Objectives:**

The main objectives of the present study may be summarized as follows

- To analyses the performance of Tuticorin Melur Co-operative Bank Ltd.
- To study the total deposits of the bank.
- To analyses the role of co-operative bank in finance.
- To provide findings, suitable suggestions and conclusion.

**Scope of the study:**

This project attempts to study the performance of the bank with SHGs, particularly an analysis of Women Self Help Groups linkages with Tuticorin Melur Co-operative Bank Ltd. This study analyses the following aspects.

- Human Resource Strength of the Bank
- Growth of total deposits of the Bank
- Pattern of providing Loans to SHGs.
- Loan recovery activities of Bank and Savings of SHGs.

**Methodology:**

Descriptive Research Design is the most suitable research design available for this study. A specially structured questionnaire was prepared. The study depended on both primary and secondary data collected through the administration of the bank. Percentage and trend line were used to analyze the data.

**PERFORMANCE OF TUTICORIN MELUR CO-OPERATIVE BANK LIMITED****Origin of the Bank:**

The Tuticorin Melur Co-operative Bank Limited was registered on 06.12.1921 with registration number 0.159 by the Co-operative development in accordance, with the Madras state Co-operative societies Act and Rules the bank started functioning on 09.02.1922 the area of operation of the bank is the whole of Thoothukudi Taluk. There are 41 employers working in this bank at first. The bank had 15 members with a paid up share capital of Rs.0.04 lakhs and deposits of Rs.0.19 lakhs. The bank improved banking business at all levels. Now 31 employers have been working in this bank. The deposit of 31 employers is Rs.138.62 lakhs.

As on 31.03.2001, the bank worked with 21,493 members with paid up share capital of Rs.179.99 lakhs, deposits of Rs.4440.39 lakhs and advance of 3827.46 lakhs. As on financial year ending with 31.03.2008, the bank is working with 20513 members with paid up share capital of Rs.186.72 lakhs deposits of Rs.3353.09 lakhs advance of Rs.3117.80 lakhs and profit of 39.90.

**Features:**

- This bank is a voluntary institution any normal person can become a member by paying the share capital.
- Top priority is given to the weaker section of the people at large.
- Mobilize the deposits from the members and people.
- The bank encourage co-operation.

The bank branches are the major strength of the bank. The branches of the bank are given below

**Table: 1.2. Details of the Bank Branches**

SI. NO	Date of commencement	A Class Members	Share Amount	Deposits pending	Issued loan pending	NPA
Head office	09.02.1922	15681	162.60	5160.06	747.62	52.95
1. Bryant Nagar Branch	19.08.1996	1173	19.34	1218.33	917.69	37.79
2. New Bus Stand Branch	23.02.1997	1188	21.66	750.54	977.14	24.24
3. Vaddakur Branch	20.08.1997	1328	22.16	1016.10	1080.49	31.79
4. Pudhukooti Branch	12.07.2000	459	7.19	248.71	678.83	26.20
5. Muthiapuram Branch	15.09.2000	591	5.90	445.53	978.84	33.80
6. Puthugramam Branch	02.07.1993	863	11.72	1202.31	849.06	27.72
Total	—	21283	250.57	10041.58	6229.67	234.23

**Empirical Analysis and Results:**

Banking finance as a tool of poverty alleviation and women empowerment has gained acceptance in development dialogue the world over. Now a day, a bank plays a vital role for the development of women. On this basis the present study analyses the importance process of bank.

**Table: 1. 3. Number of Members & Employees of the Bank**

Year	No. of. Members	No. of. employees
2011-2012	19652	33
2012-2013	13527	30
2013-2014	13901	28
2014-2015	14231	28
2015-2016	22479	31

**Source:** Annual report and balance sheet of the bank from 2011-12 to 2015-16

There are 19,652 shareholders during the year 2011-2012, 13,901 shareholders in the year 2013-2014 and 22,479 shareholders during the year 2015-2016. The highest shareholders were in the year 2015-2016. During the study period there is no 'B' class shareholders, at the same time 'A' class shareholders continuously decreasing in the bank. The same table indicates that the number of employees of the bank is 33 in 2011 – 2012 and thereafter it decreased 30 (20%) in the year 2012-2013. Number of employees was 28 in the year 2013 to 2015. It shows that no appointment was made from 2013 to 2015. The growth of bank manpower after 2014-2015 increased. In the year 2015-2016, the bank employees are 31 (20.6%).

**Growth of Total deposits of the Bank:** In the year 2011 – 2012 the deposits amounted to 6420.90 lakhs. In 2013 – 2014, the deposits increased to 9409.70 lakhs. In 2014 – 2015 it increased to Rs. 10041.58 lakhs and annual growth rate increased to 631.88. In the year 2015– 2016, the deposits also increased 10231.15 lakhs and it shows positive results of 189.57 lakhs of annual growth rate.

The deposits of Tuticorin Melur co-operative bank limited are analysis by using the trend values and have been predicated for the future year 2020 by using trend line. The total deposits of the bank in the year 2020 will be Rs.14739.214 lakhs.

**Self Help Group linkage to Bank:** The bank clearly reveals that the linkages of SHGs. In the year 2014-2015, out of 24 SHGs, only two SHGs linked with bank. It also increases in the next year that is 20 SHGs. After the year (2016- Dec2017) two Self help groups are linked with bank out of 24 SHGs.

**Bank loan contribution to SHGs:** The loan transaction activities from the bank to Self Help Groups. In the year 2014-2015 only two SHG's were linked with bank, after the year (2015-2016) 2 SHGs received loan from bank and the year 2016 – Dec 2017, 3 Self Help Groups got loan for their business activities. It is clear that, 20 SHGs in the year 2015-2016 not got any loans from the bank and in the year 2016-Dec2017, out of 24 self help groups 21 SHGs were linked with bank for savings purpose only.

**Loan Amount distribution to SHG:** The study revealed that out of 7 self help group's, the bank provide Rs.4,00,000 for 2 SHGs in 2014-2015. Rs.2,90,000 of total distributes to two SHGs and the remaining Rs.13,00,000(out of Rs.19,90,000) shared by 3 SHGs through bank. Self help groups loan of Tuticorin Melur co-operative bank are analysed by using the trend values and have been predicated for the future year 2025 by using trend line.

The loan amount distribution to the SHGs by bank in the year 2020 will be Rs.24,63,333 lakhs.

**Income generation activities of the SHGs:** The banks gave the loans for the following purposes to SHGs. Once the self help groups, have got loan, the next stage is to choose the income generating activities, which is suitable for them. In the year 2014-2015, two self help groups were getting loan for the purpose of fishing. Only one self help group got a loan for the activity of textile business in the year 2016-2017. From the year 2015-16 to 2016-2017, two self help groups got domestic loan and two self help groups got loan for other activities in the year 2014-15 and 2016-17.

**Recovery of loan:** The recovery rate for the credit facilities has been satisfac-

tory. Out of Rs.19,90,000 lakhs, Rs.18,93,919 lakhs (95%) paid to bank and the remaining Rs.96,081 lakhs (5%) are un paid to the bank by Self Help group. This 5% of amount (Rs.96,081 lakhs) will comes under the category of Non Performing Assets (NPA) of the bank.

**Duration for repayment:** The study reveals that nearly 57% of the SHGs paid their monthly dues within times; ever one SHG (14%) paid their dues in advance. A few groups (29%) that are two groups do not pay in time but this does not affect the further credit of SHGs.

**Savings of SHGs:** Out of 24 SHGs, in the year 2015-2016, the savings amount of the 2 Self Help Groups is Rs.20,052. Remaining 22 Self Help Groups in the 2016-2017 were save Rs.77,363.

#### Findings and Discussion:

The results of the present study are brings in to the findings of the study from the data collected from the bank.

- The shareholders of the bank were increasing every year. This increasing trend is the strength for the bank.
- In the study analyses the growth of bank manpower after 2014-2015 increased. The deposits also increased and it shows positive results in the annual growth rate.
- In the middle of the study most of the SHGs are linked with bank.
- In the year 2016 – Dec 2017, 3 Self Help Groups got loan for their business activities. It is clear that, out of 24 self help groups 21 SHGs were linked with bank for savings purpose only.
- The study revealed that the bank provide maximum loan in the last study period.
- Most of the Self help groups got a loan for the activities of fishing and domestic business.
- 95% of the SHGs were repaying their loans amount correctly to the bank.
- Nearly, 57% of the SHGs paid their monthly dues within times.
- Savings of the SHGs were increased in the last year only.

This study stated that there exists a good relationship with banks and the repayment of loans is also done effectively. However there is a difficulty in repaying loans for few SHG's. It is the duty of SHG to pick best out of the banks for maximum benefits. Hence the suggestions offered may be considered to improve the effectiveness of the model. SHGs members are satisfied with services by cooperative banks, and overall performance of cooperative banks is good. Bank finance plays very important role in empowerment of women and reducing of poverty in present economy.

#### Limitations of the Study and Suggestions for Future Research:

In the light of the findings a few suggestions are discussed to improve the functioning of Tuticorin Melur Co-operative Bank Limited and the SHG's activities.

- The shareholders of the bank are increasing every year. It has also strengthening the bank activities.
- The manpower (employees) of the bank continuously increased. This has reduced the work load of the employees and encourages the effective functioning of the bank.
- Total deposits of the bank are highly increased.
- The bank should advance adequate credit to the SHG's according to their needs.
- The branch manager has to conduct seminar to increase the knowledge of rural people about the different programme, proper utilization of loans and repayment.
- The bank should increase the number of instatements for repaying the loan.
- It is suggested to canvas more number of SHGs for saving bank account.
- The bank greater initiative to open new branches especially in the semi urban and rural areas.
- Group meeting should be organized in order to exchange their views and to develop their skill to avail the financial services of banks.

The study was restricted to semi urban area of Thoothukudi, and as such, it has limitations in terms of its impact on all the urban places due to geo-

demographical diversity. The study is based on the bank activities, which is subject to change both from place to place and from time to time, and may even change in case of different SHGs categories. Time constraints acted as another major limitation of this study. Banks are the backbone of our countries Economic activities. Further empirical studies can be done so as to identify the influence of rising women entrepreneur on the way of Economic growth.

#### Conclusion:

Poverty and unemployment are the major problems of any under developed countries, to which India is no exception. This study stated that there exists a good relationship with banks and the repayment of loans is also done effectively. However there is a difficulty in repaying loans for few SHG's. It is the duty of SHG to pick best out of the banks for maximum benefits. SHGs members are satisfied with services by cooperative banks, and overall performance of cooperative banks is good. Bank finance plays very important role in empowerment of women and reducing of poverty in present economy.

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